

~~CONFIDENTIAL~~  
~~SECRET~~

COPY NO. 355

OCI NO. 7428/55

15 September 1955

# CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 9 25X1  
NO CHANGE IN CLASS. ☐  
☐ DECLASSIFIED  
CLASS. CHANGED TO TS, S, C  
NEXT REVIEW DATE 9/87  
AUTH: HR 70-2  
DATE 26 Feb 79

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

~~CONFIDENTIAL~~  
~~SECRET~~

25X1

*Archival Record*  
*Return to Archives & Records Center*  
*Immediately After Use*

10-228509/1

THIS MATERIAL CONTAINS INFORMATION AFFECT-  
ING THE NATIONAL DEFENSE OF THE UNITED STATES  
WITHIN THE MEANING OF THE ESPIONAGE LAWS,  
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-  
SION OR REVELATION OF WHICH IN ANY MANNER TO  
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly Summary has been prepared  
primarily for the internal use of the Central Intelligence  
Agency. It does not represent a complete coverage of all  
current situations. Comments and conclusions represent  
the immediate appraisal of the Office of Current Intelligence.

**CONFIDENTIAL**  
~~SECRET~~**CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955****T H E   W E E K   I N   B R I E F****PART I****OF IMMEDIATE INTEREST****SOVIET-WEST GERMAN TALKS . . . . . Page 1**

Both the USSR and the West German government achieved immediate objectives in the Moscow talks. Each desired, for different reasons, to establish diplomatic relations. The Soviet government regards the establishment of relations as a major step toward freezing the status quo in Europe without any concessions on German unification. Adenauer presumably regards such relations as a prerogative and possibly as of special value in exploring the problem of German unity on a continuing basis with Soviet officials. The arrangements for the return of German prisoners will give Adenauer a timely weapon with which to deal with any parliamentary criticism that may arise.

25X1

**PART II****NOTES AND COMMENTS**

Soviet Tactics in UN Disarmament Talks: The main efforts of Soviet delegate Sobolev during the second week of the UN Disarmament Subcommittee negotiations were devoted to probing for possible differences in approach among the four Western powers. The Soviet representatives' attitude is still moderate and they have not yet sought to transform the meeting into a cold-war forum.

25X1

. . . . . Page 1

American-Chinese Talks: Having taken a conciliatory attitude on the release of American prisoners, the Chinese Communists during the second part of the Geneva talks probably will aim toward arranging higher-level negotiations with the United States on major matters.

Page 1 25X1

Soviet-Japanese Negotiations: In the Soviet-Japanese discussions in London, the USSR has made minor concessions on returning Japanese prisoners of war and restoring Soviet-held island territory to Japan. On the third major point at issue, however, the USSR has continued to argue that navigation in the Sea of Japan must be regulated by the riparian powers, a demand the Japanese have insisted they cannot accept since it involves an international body of water.

. . . . . Page 2 25X1

**CONFIDENTIAL**  
~~SECRET~~

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

**Refugee Influx From East Germany Reaches Two-year Peak:** The desire to escape military service and depressed economic conditions, and rising despair of political reform in East Germany have brought the number of refugees from East Germany during recent weeks to the highest point since June 1953, the month of the anti-Communist riots. During the week ending 3 September, 4,177 refugees arrived in West Berlin. Of these, 1,064 were men of military age. [redacted] . . . . . Page 4 25X1

**Greek and Turkish Governments Move to Ease Tensions:** The Greek and Turkish governments are moving to calm the passions aroused during and after the London conference on the Cyprus issue. Although a gradual easing of Greek-Turkish tension is likely, the unresolved differences over Cyprus and other issues will continue to make relations uneasy. [redacted] Page 5 25X1

**French North Africa:** Moroccan nationalists are likely to engage in widespread violence unless Sultan Mohamed ben Arafa departs in the next few days. His departure, on the other hand, may set off disorders instigated by the French settlers who strongly oppose the Faure program. In Algeria, rebel activities are continuing. [redacted] . . . . . Page 6 25X1

**USSR Presses Iran to Maintain Neutral Position:** In line with its policy of promoting a neutral position on the part of the Near Eastern states, the Soviet Union in recent weeks has brought diplomatic pressure to bear on Iran to prevent it from joining the Turkish-Iraqi pact. [redacted] . . . . . Page 7 25X1

**Finnish President's Visit to Moscow:** President Paasikivi's pending visit to Moscow, arranged at Soviet initiative, has aroused some apprehension in Finnish political and military circles over the possibility that new commitments to the USSR will be required. The Soviet Union is unlikely to put strong pressure on Finland at this time. [redacted] . . . . . Page 8 25X1

**Nepalese Rebel Leader Returns From Communist China:** Nepalese rebel leader Dr. K. I. Singh, who fled to Communist China after a coup attempt in January 1952, has now returned to Nepal and will almost certainly play a key role in the country's politics. [redacted] . . . . Page 9 25X1

**Egyptian-Israeli Situation:** Egypt and Israel have observed a strict armistice on the Gaza frontier since their acceptance on 4 September of the cease-fire proposal of UN supervisor Burns. General Burns, while not optimistic, still hopes to obtain some agreement from the two countries on carrying out the UN Security Council resolution calling for border controls. [redacted] . . Page 10 25X1

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

New Syrian Government: The new Syrian cabinet formed on 13 September, mainly a combination of old hands, can be expected to do little more than maintain an uneasy coalition dependent upon the army for its continuance in power. [redacted] . . . . . Page 10 25X1

Satellites Releasing Some Political Prisoners: Several of the Eastern European Satellite regimes are continuing a policy, begun in 1954, of quietly releasing political prisoners, including leaders of former opposition parties and purged Communists. The releases are probably intended to reduce internal tensions and to give further substance to the recent well-publicized amnesties aimed at enticing political refugees to return to their homelands. [redacted] . . . . . Page 11 25X1

Peruvian-Ecuadoran Controversy: The Peruvian-Ecuadoran boundary dispute has once again flared up with Ecuador charging before the Organization of American States that Peru is concentrating a large invasion force near the frontier. These charges have thus far not been borne out by the observations of the neutral military investigating commission. [redacted] . Page 12 25X1

**PART III****PATTERNS AND PERSPECTIVES****SIGNS OF SHIFT IN INDIAN POLICY TOWARD THE UNITED STATES . Page 1**

Indian prime minister Nehru, his political adviser V. K. Krishna Menon, and Indian representatives at the United Nations and on the International Control Commission in Indochina have recently made statements which were unusually sympathetic toward the United States and hinted at an imminent change in India's foreign policy. These statements, together with other information from New Delhi that Nehru has been reviewing foreign policy problems since his return from the USSR, suggest that Nehru has decided to adopt a more friendly attitude toward the United States. [redacted]

25X1

**SECRET**

111

**THE WEEK IN BRIEF**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

**COMMUNIST CHINA: UN REPRESENTATION AND RECOGNITION . . . Page 3**

Nationalist China will probably retain the majority support of this year's UN General Assembly, but there is a growing tendency among UN members to suggest new means of solving the Chinese representation problem. No UN members have established relations with Communist China since 1950, but recently such influential members as France, Belgium, and Canada have considered early recognition. During the past year, moreover, Peiping has stepped up efforts to extend its cultural and economic contacts with other nations.

25X1

**POST-GENEVA PROSPECTS FOR EAST-WEST TRADE CONTROLS . . . . Page 5**

One of the major consequences of the "Geneva spirit" seems likely to be a further relaxation of Western controls on exports to the Sino-Soviet bloc. Many COCOM members have made it clear they now feel more strongly than ever that the present system of export controls is too stringent, and that, in particular, the differential between the China list and other control lists should be eliminated. A meeting of the COCOM Consultative Group to consider further liberalization of trade will probably follow the October foreign ministers' meeting.

25X1

**REPORT ON KAZAKHSTAN . . . . . Page 10**

Moscow is showing increased interest in economic exploitation of Kazakhstan, the largest of the Soviet Union's central Asian republics. The Kazakh SSR, covering an area one-third that of the United States, contains the largest proven deposits of iron ore in the USSR. These fields are in close proximity to deposits of coking coal. Recent statements in the Soviet press have strongly suggested that the Soviet government will begin the construction of a heavy industrial base there as part of the sixth Soviet Five-Year Plan (1956-60).

25X1

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

**PART I****OF IMMEDIATE INTEREST****SOVIET-WEST GERMAN TALKS**

Both the USSR and the West German government achieved immediate objectives in the Moscow talks. Each desired for different reasons to establish diplomatic relations. The Soviet government regards establishment of relations as a major step toward freezing the status quo in Europe without concessions on German unity. Adenauer presumably regards such relations as a prerogative and possibly as of special value in exploring the problem of German unity on a continuing basis with Soviet officials. Arrangements for the return of German prisoners will give Adenauer a timely weapon with which to deal with any parliamentary criticism.

**Soviet Negotiating Tactics**

Prior to the talks, Soviet diplomats had indicated that the prisoner issue should present no particular problem, but that the USSR refused to accept unity discussions as a prerequisite to the establishment of normal relations. Soviet insistence that discussions on the prisoner issue should be postponed and that the East Germans should be included in them appears to have been merely a bargaining device.

Moscow's refusal to include the promise for a return of prisoners in the written agreement and the silence of Soviet propaganda on the issue may indicate that an attempt will be made to give East German premier Grotewohl the credit for securing their release

during his current visit to Moscow. The USSR has long insisted that it only held some "war criminals," now set at 9,626, and Ambassador Bohlen believes that the USSR may try to make the return of over 100,000 more persons which Bonn claims are interned in the Soviet Union dependent on the return of an equal number of former Soviet citizens who Bulganin has now alleged are in West Germany.

**West German views**

For the past 18 months Adenauer had been saying that he favored diplomatic relations with Moscow. During the summer, however, when it became apparent that Moscow too was eager for diplomatic relations, Adenauer began to think that it was better to exchange "diplomatic agents" and not ambassadors in order to emphasize that normal relations could not exist until his nation was reunited.

Bulganin's assurance on the return of German prisoners was undoubtedly instrumental in persuading him to return to his original position on establishing full diplomatic relations.

Because few West Germans expected any significant progress on unity, the chancellor should have little difficulty in defending his bargain before German public opinion. He is in a position, moreover, to tell his critics that parliament can refuse to ratify his bargain if the Soviet Union fails to

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

release large numbers of prisoners at an early date.

In his letter to Bulganin, Adenauer restated for the record that mutual recognition leaves unchanged Bonn's stand that it is the only legitimate German government, and that Germany's borders must ultimately be determined by a German peace treaty.

Adenauer also secured Soviet verbal assurances that along with the prisoners of war, detained German civilian internees would be freed. Because the prisoner issue is so emotionally charged in West Germany, and inherently confused, it is likely to create new problems between the two governments. For example, many West Germans will expect the Soviet Union to secure the release of West Germans originally tried by Soviet courts-martial but incarcerated in East German jails.

New trade negotiations between the Soviet Union and West Germany, mentioned in the final agreement, are not likely to bring about any significant increase in trade, mainly because Soviet products cannot compete on favorable terms in West German markets.

The firmness and bluntness with which the Soviet delegates maintained their position at the meeting have aroused strong criticism in the West German press and apparently served to strengthen the Bonn government's belief that the West can negotiate with the USSR only from a position of strength.

**Tactics at October Conference**

The agreement with Adenauer on the establishment of relations will play an important role in the Soviet tactics at the Big Four foreign ministers' meeting at Geneva in late October. At Geneva the Soviet delegation is almost certain to repeat the line established at the summit conference and reiterated bluntly to Adenauer that reunification of Germany is impossible until a new security system has replaced NATO and the Warsaw pact organization. The USSR will argue that by establishing relations with Bonn and thus recognizing the division of Germany into two sovereign states, it has paved the way for preliminary security arrangements among the European states.

The USSR is likely to take further steps to make more appealing its program for a gradual development of security arrangements in a divided Germany. These will be designed to exert pressure on Bonn to delay West German rearmament and increase its contacts with East Germany, to make NATO begin to wither away, and eventually to cause American troops and bases to be withdrawn from Europe.

For example, the Soviet delegation at Geneva may show an interest in some of Prime Minister Eden's security proposals, particularly for a pact among a limited number of European states. The USSR might also pull some of its divisions out of East Germany. While strongly supporting the East German regime, Moscow may clean out some of the most objectionable of its leaders.

25X1

\* \* \*  
**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

**PART II****NOTES AND COMMENTS****Soviet Tactics****In UN Disarmament Talks**

Soviet delegate Sobolev's main efforts in the second week of the UN disarmament subcommittee negotiations were devoted to probing for possible differences in approach among the four Western powers.

His negotiating tactics, supported by Soviet propaganda, appeared aimed at creating the impression that the United States had abandoned interest in an eventual prohibition of nuclear weapons and reduction of conventional armaments. In the 8 September sessions, Sobolev maintained that the American delegate's answers to Soviet questions were evasive and not "exhaustive." Moscow radio complained that the United States' reservations on its pre-Geneva disarmament positions "prevents the forming of a clear opinion about the US attitude toward the Soviet proposals."

On 9 September, Sobolev questioned whether the United States still agreed to the phased reduction of conventional armaments and asked if the American reservations also concerned the 1954 UN resolution which

would prohibit nuclear weapons. He requested the American delegate to clarify whether the United States has given up efforts of the last ten years to establish control of atomic weapons.

Sobolev did not commit himself on the vital question of inspection and control. He said that he had not yet received any "particular" indication of his government's reaction to President Eisenhower's "blueprint" proposals. He also failed to amplify the USSR's 10 May proposals on inspection.

American delegate Stassen observed that the Soviet representatives' attitude is still moderate and that they have not yet sought to transform the meetings into a cold-war forum. Stassen believes the USSR may be laying the groundwork for a new proposal combining limited ground inspection based on the Soviet plan of 10 May with the President's "blueprint" proposals. On the other hand, he believes Moscow could be planning to reject the American proposals on the grounds they do not assure a reduction in conventional and nuclear weapons.

25X1

**American-Chinese Talks**

The Chinese Communists during the second part of the Geneva talks probably will continue to aim toward arranging higher-level negotiations with the United States on major matters. This objective was stated explicitly by Wang Pingnan during the 14 September meeting.

To further this aim, Peiping took a conciliatory line on the question of detained nationals, freeing the 11 airmen, promising the early release of 23 civilians, and agreeing to act "expeditiously" on the remaining 19 or 20. The Chinese obtained an arrangement by which the Indian embassy in Washington

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

will facilitate the return of Chinese who feel they are being prevented from departing.

It is doubtful that all of the remaining 19 or 20 Americans will be freed in the near future. Peiping has consistently indicated it will continue to hold some of them indefinitely in order to save face, to ensure satisfactory action on Chinese in the United States, and to secure concessions as the Geneva talks develop. Wang has informed Ambassador Johnson that the remaining cases will be considered individually, thus suggesting that there will be no further mass releases.

Apparently the Chinese wish to minimize discussions at Geneva on implementation of the repatriation agreement. Wang has told Johnson that progress on the remaining cases will be reported to the United States through the British mission in Peiping. This suggests a Chinese hope for early discussion of the second agenda item, "other practical matters at issue."

Apparently in anticipation of developments in the Wang-Johnson talks, the Chinese Communists last month seemed to be preparing a position on

the principle of renunciation of force. Peiping's latest comment on this concept supports previous indications that any Chinese formula will be based on a withdrawal of American forces from the Formosa Straits area.

Previous remarks by Chou En-lai suggest that Peiping will endeavor to include among the "practical matters" the question of military and intelligence operations in the China area. Wang asked on 14 September that the question of lifting Western trade restrictions against China be resolved. He has hinted that travel in China by Americans might be discussed. Peiping may also try to bring up for discussion the exclusion of Peiping from the United Nations, American nonrecognition of Communist China, and the American commitment to defend Formosa.

Peiping almost certainly calculates, however, that major questions cannot be resolved under the limited terms of the Geneva talks. The Chinese can thus be expected to press for a higher-level meeting to discuss the whole question of "relaxing tensions."

25X1

25X1

**Soviet-Japanese Negotiations**

In the Soviet-Japanese discussions in London, the USSR has made minor concessions on the issues of returning prisoners of war and restoring Soviet-held island territory to Japan. On the third major point at issue, however, the USSR has continued to argue that navigation on the Sea of Japan must be regulated by the riparian powers, a demand the Japanese

have insisted they cannot accept since it involves an international body of water.

Soviet delegate Malik had told Japanese delegate Matsumoto repeatedly that the prisoner issue would be solved when relations were normalized. On 5 September, however, Malik gave Matsumoto a list of prisoners on whom the USSR would declare a

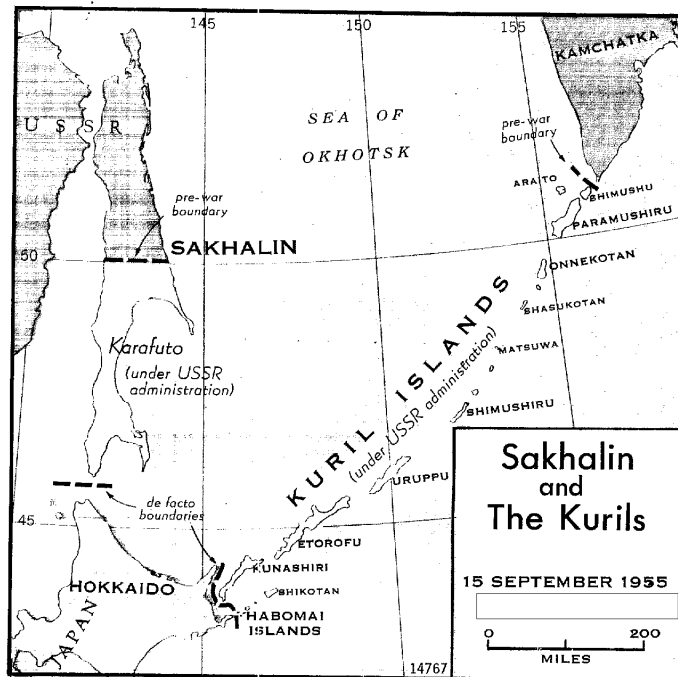
**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955**

"special amnesty," effective only when an agreement was reached on the normalization of relations. The list contained 1,365 names--a number smaller by several thousand than Japanese estimates, but described by Malik as the total number held by the USSR.

On territorial issues, the USSR had insisted that this question was solved once and for all by the Yalta and Potsdam agreements. Malik originally refused to consider the possibility of returning any Soviet-held territory previously belonging to Japan, which included southern Sakhalin and the Kuril Island chain. At the 30 August meeting, however, he offered the return of Shikotan and the Habomais, very small islands just north of Hokkaido. On this occasion, Malik did not attach conditions to the offer.

On 6 September, however, Malik announced that the USSR was ready to discuss the "technical details" of handing over the islands and stated that in view of the present situation in the Pacific and its bearing on the security of the USSR, the transfer of the islands would be conditioned on Japan's agreement not to use them for military purposes. He said the USSR would not accept the pros-



25X1

pect of two additional bases in the area.

It is possible that Malik's original offer on 30 August was designed to influence Japanese-American discussions then in progress in Washington by giving the Japanese encouragement to press for the return of islands occupied by the United States.

The USSR's demand that navigation in the Sea of Japan be controlled by the riparian powers is probably regarded by Moscow mainly as a bargaining point to obtain concessions on other issues. In Moscow's view, a "closed" Sea of Japan would allow free navigation for commercial vessels of all nations, but would restrict warships of nonriparian powers.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

The Japanese have insisted that the Sea of Japan is an international body of water, and navigation on it must be unrestricted. The Japanese will probably insist that the problem has no connection with a peace treaty between the two countries, and that it has a bearing on Japan's future and its current arrangements with other countries, rather than problems evolving from World War II. Tokyo's final position in the negotiations will be largely determined by domestic political considerations.

Prime Minister Hatoyama might decide that the only way to strengthen his government, which has been weakened by criticism of his foreign minister's talks in Washington, is to reach a quick agreement with the USSR. Although Moscow's willingness to return Shikotan and the Habomai Islands has received little publicity and aroused no favorable comment, if Hatoyama decided to make a deal--as has been rumored--he could play up the Soviet offer as a major concession with good prospects that it would have considerable public appeal.

25X1

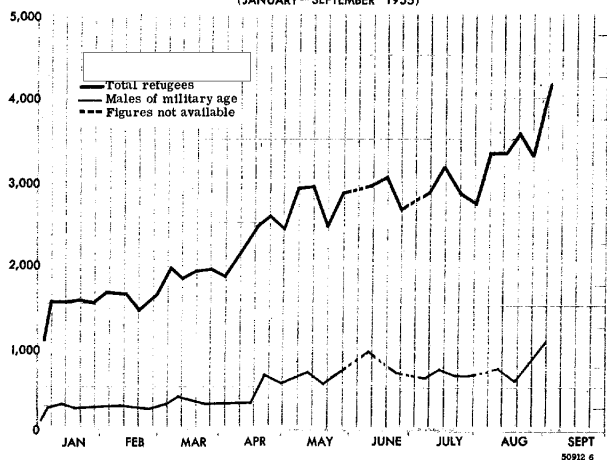
### Refugee Influx from East Germany Reaches Two-year Peak

The desire to escape military service and depressed economic conditions, and rising despair of political reform in East Germany have brought the number of refugees from East Germany during recent weeks to

the highest point since June 1953, the month of the anti-Communist riots.

During the week ending 3 September, 4,177 refugees arrived in West Berlin, the major escape center. Of these, 1,064 were men of military age. During the first half of 1955, a total of some 124,665 East Germans escaped, compared with 194,080 for all 1954.

EAST GERMAN REFUGEES FLEEING TO WEST BERLIN  
(JANUARY - SEPTEMBER 1955)



Since mid-April, approximately 13,000 potential recruits for an East German army have fled to West Berlin. This increased flow was set off by a stepped-up recruiting drive for the Garrisoned Peoples Police (KVP) and the threat of tighter internal security measures.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

The serious drain on manpower and unfavorable public reaction to the harsh methods employed by recruiting officials reportedly forced East German Socialist Unity Party (SED) officials on 11 July to suspend all recruiting for one month. Although there has been no report of resumption of full-speed recruiting, the flood of young men to West Berlin has continued to increase.

Many refugees have been attracted by abundant job opportunities in booming West Germany. The East German economy, already suffering from serious manpower shortages,

will be further handicapped by the loss of actual or potential workers, particularly skilled labor and technicians.

The recent marked increase in the number of refugees may also be due in part to growing despair of any liberalization of political conditions in East Germany.

To halt the refugee flow through West Berlin, the major escape center, East German authorities are seeking to discourage travel into the western sectors. East Germans and East Berliners have been asked to sign pledges not to visit the west sectors of Berlin.

25X1

#### Greek and Turkish Governments Move to Ease Tensions

The Greek and Turkish governments are moving to calm the passions aroused during and after the London conference on the Cyprus issue. Although a gradual easing of Greek-Turkish tension is likely, the unresolved differences over Cyprus and other issues will continue to make their relations uneasy.

Following the anti-Greek riots of 6 and 7 September in Turkey, the Greek government took extreme precautions to protect the Turks in Greece. Turkish establishments were placed under heavy guard and troop reinforcements were sent to Thrace to protect the Turkish minority there. Public gatherings were prohibited.

Athens did, however, complain to Ankara, to NATO, and to various foreign governments in an apparent effort to capitalize on the situation. Ankara rejected an official Greek note of protest on 10 September because one of the

passages attributed responsibility for the anti-Greek riots to the Turkish government. Athens decided to delete the objectionable passage before resubmitting the note.

Athens also canceled Greek participation in international conferences meeting in Istanbul and in forthcoming NATO exercises. Deputy Premier Kanellopoulos later told the American embassy that he hoped the atmosphere would improve sufficiently by early October to permit Greek participation in NATO exercises then.

Some evidence indicates official Turkish toleration in early stages of the riots in Istanbul and Izmir. The government evidently did not expect such large-scale mob violence as developed, however, and belatedly took severe measures to restore order. Ambassador Warren in Ankara says subsequent Turkish actions reflect the government's profound

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

distress and determination to make full reparation. The Turkish minister of the interior has been replaced for failure to prevent the riots, and the militant "Cyprus-is-Turkish Society" has been banned.

The Turkish Grand National Assembly, meeting in extraordinary session on 12 September, unanimously condemned the riots. It promised "proper" punishment for those responsible and full compensation for those who suffered damages. Estimates of the damages run as high as \$100,000,000. The assembly also approved a six-month extension of martial law declared in Istanbul, Izmir, and Ankara.

Meanwhile the Greek and Turkish positions on the Cyprus

question remain irreconcilable. Athens and Ankara both rejected the British proposal for self-government on Cyprus, and Greece remains committed to pursue its appeal to the United Nations. While Greece apparently has tried to use the Turkish riots to improve its position on this issue in the UN, Ankara insists that the riots cannot be used to force any Turkish concessions on Cyprus.

Nevertheless, present indications are that a mutually satisfactory formula for shelving the Cyprus issue for the time being may be found.

25X1

25X1

**French North Africa**

**Morocco:** Moroccan nationalists are likely to engage in widespread violence unless Sultan Mohamed ben Arafa departs in the next few days. His departure, on the other hand, may set off disorders instigated by the French settlers who strongly oppose the Faure program.

Acceptance by former sultan Mohamed ben Youssef of French premier Faure's Moroccan program seems to have had an at least temporary quieting effect. A nationalist-directed general strike scheduled for 12 August in the event Sultan Ben Arafa was still on the throne failed to materialize, even though Ben Arafa again issued a communiqué stating he would not step down.

Considerable danger is inherent in the arming of some 20,000 civilians to assist in maintaining order in the cities. Many members of this new militia sympathize with the reactionary Presence Francaise organization and would not be wholly reliable should the settlers decide to act.

**Algeria:** The Algerian Communist Party was outlawed on 13 September, ostensibly because it supported the anti-French uprising of 20 August, but more probably in response to French settler pressure. The extent of Communist involvement in the 20 August violence is not known.

Rebel activities continue and may be increasing. Martial

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

law has been declared in the Philippeville area, the center of last month's uprising. Reports that some modern Czech-manufactured submachine guns were captured by the army will tend to dispel confidence in Governor General Soustelle, whose recent denials that the rebels possessed modern weapons had been widely accepted.

Meanwhile, support for nationalist demands for Algerian independence is reported to have grown significantly following the stiff reprisals undertaken by the French since 20 August. The Moslem deputies to the French National Assembly from the department of Constantine in eastern Algeria, whose election was rigged by the French authorities and who consequently had been considered pro-French, are reported to have asked Faure on 7 September to recognize Algeria as an independent state.

French settler opposition to Soustelle has also intensi-

fied. Encouraged by the success of the French settlers in Morocco in securing the ouster of Resident General Grandval, the French settlers in Algeria are attempting to obtain Soustelle's removal.

Tunisia: Salah ben Youssef, Secretary general of the nationalist Neo-Destour party and leader of its extreme wing, returned to Tunis on 13 September after nearly four years of exile in the Near East. His declaration that he intends to work for complete Tunisian independence indicates he can be expected to complicate implementation of the French-Tunisian conventions which provide for limited autonomy and went into effect on 31 August.

The cabinet of Premier Tahar ben Amar, which negotiated the conventions with France, resigned as expected on 13 September. The bey requested Ben Amar to form the new cabinet.

25X1

### USSR Presses Iran To Maintain Neutral Position

The Soviet Union in recent weeks has brought diplomatic pressure to bear on Iran to prevent it from joining the Turkish-Iraqi pact. The USSR has made clear that it expects a quid pro quo for its conciliatory approach to problems in Soviet-Iranian relations during the past year, and, in line with Soviet policy toward the other Middle Eastern states, is urging Iran to adopt a neutral position in international affairs.

Soviet ambassador Lavrentiev,

25X1

protested in "strongest terms" against what he described as heavy pressure on the Iranian government to join the Turkish-Iraqi pact.

25X1

Lavrentiev stated that Iranian adherence to the pact would be a blow to world peace, distinctly prejudicial to friendly relations between the USSR and Iran, and contrary to existing Soviet-Iranian treaties.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

Acting Foreign Minister Samii told the American embassy on 12 September that the Iranian government had noticed a distinct "lessening of cordiality" on the part of the Soviet government in the last two weeks. He cited as examples Lavrentiev's protests to the Shah, a "stiff and arbitrary attitude" on the part of Russian negotiators in the Soviet-Iranian border commission proceedings, and Soviet objections over the type of goods to be supplied to Iran to repay the \$8,000,000 liability under the 1943 payments agreement.

The USSR, both officially and in propaganda, continues to insist that a neutral position, independent of all international

power groupings, is best for Iran. Lavrentiev mentioned to the Shah on 8 September that Moscow would respect such a policy.

The USSR's willingness to respect Iran's neutrality in international affairs is a follow-up of Bulganin's remarks at Geneva referring to Soviet readiness to guarantee, together with "other powers," the neutrality of any country. In August, the USSR offered Saudi Arabia such a guarantee, with the stipulation that Washington be a partner in any pact formalizing the guarantee. It is probable that the USSR will make similar proposals to other Middle Eastern countries.

25X1  
25X1**Finnish President's  
Visit to Moscow**

President Paasikivi's pending visit to Moscow, arranged at Soviet initiative, has aroused some apprehension in Finnish political and military circles over the possibility that new commitments to the USSR will be required. Paasikivi, on the other hand, reportedly hopes to obtain certain concessions. The Soviet Union is unlikely to make major concessions. It will probably also avoid any strong pressure on Finland at this time because of the satisfactory state of current Finnish-Soviet relations.

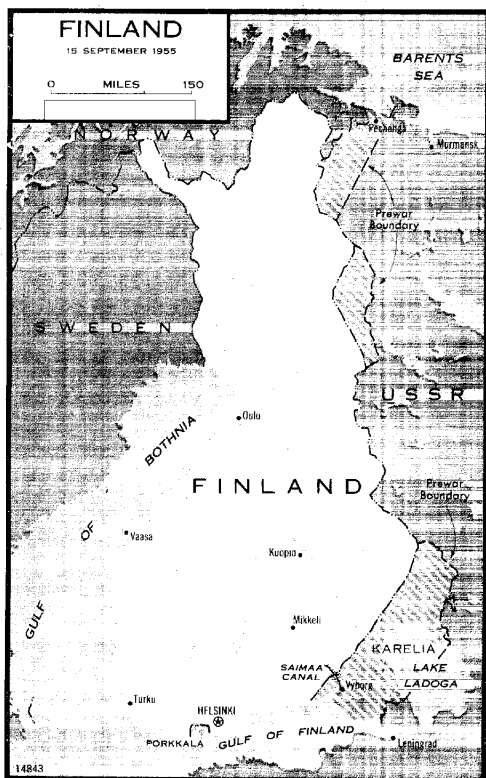
The president's party, scheduled to leave for Moscow on 15 September, includes the premier and defense minister,

but, so far as is known, no high-ranking military personnel. The Finnish foreign minister has told the American ambassador that although there was no agenda for the talks, he believed Finland might "benefit."

There is speculation in the Finnish press and in official circles that the USSR may offer to make concessions regarding the Soviet-occupied naval base at Porkkala or full use by the Finns of the Saimaa canal, including port and dock facilities near the city of Vyborg at its southern terminus, now in Soviet territory. The Social Democratic Party, the largest in parliament, is, like other groups, concerned over the price of any such concessions. It reportedly

**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955**

has served notice on the president that any decisions reached in Moscow must be confirmed by parliament.

In view of the friendly, almost cordial, official relations which have existed between Finland and the Soviet Union in the past year, it seems unlikely that the USSR would seek to pressure Finland at this time into any far-reaching military or political agreement. Rather, the Russians might make conciliatory gestures with an eye to influencing next winter's presidential election in favor of President Paasikivi, who has diligently pursued a policy of friendship toward the USSR, or some other like-minded individual. Furthermore, the Soviet Union would be glad to impress the Scandinavian countries with its "reasonableness" in view of the forthcoming visits to Moscow of the Norwegian and Swedish premiers.

25X1  
25X1

### Nepalese Rebel Leader Returns from Communist China

Nepalese rebel leader Dr. K. I. Singh, who fled to Communist China after a coup attempt in January 1952, has now returned to Nepal and will almost certainly play a key role in the country's politics.

Singh received a royal pardon on 11 September, and he has renounced violence and promised loyalty to the crown. He arrived at Katmandu on 13 September, when some 50,000 people gathered to witness his return.

Singh was not a Communist prior to his exile, and the extent to which he has been influenced by his stay in Communist China is not yet certain. Despite his statement that he had not come back to propagate Communism in Nepal, it is generally

assumed he will follow the Communist line.

Singh's earlier activities proved him a capable leader with considerable popular appeal. He will probably attempt to take advantage of current interparty squabbling over King Mahendra's proposal for a return to representative government, and he can be expected to play a significant role in next year's elections to the Constituent Assembly.

Both Mahendra and the Indian government, which exercises strong influence in the Himalayan kingdom, will attempt to see to it that Singh does not again attain a dominant position in Nepalese politics, especially in view of recent manifestations of increasing Chinese interest in Nepal.

25X1

**SECRET**

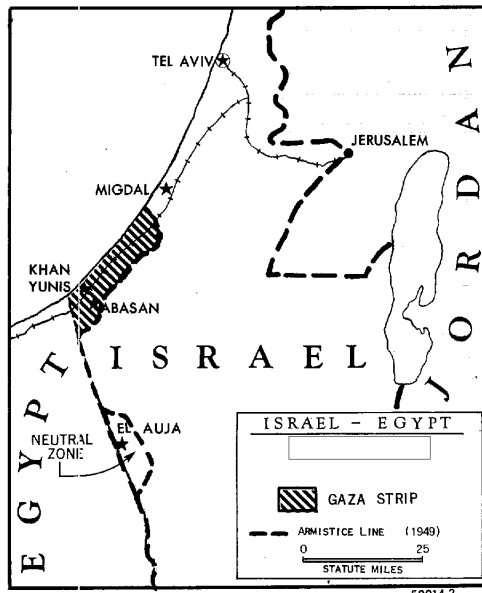
**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955****Egyptian-Israeli Situation**

Egypt and Israel have observed a strict armistice on the Gaza frontier since their acceptance on 4 September of the cease-fire proposal of UN truce supervisor Burns.

Neither Cairo nor Tel Aviv has indicated its attitude toward the UN Security Council's resolution of 8 September calling on both to co-operate in border controls separating the Egyptian and Israeli forces as proposed by General Burns.

Egypt opposes the proposal for a continuous physical barrier between Israel and the Gaza strip, fearing that this would be interpreted as a permanent demarcation line.

Israel, meanwhile, contends that Burns' proposal for a neutral zone separating the armed forces of the two countries would involve an infringement



on Israeli sovereignty and make it impossible for Israeli forces to protect settlers near the border.

Burns, while not optimistic, still hopes by separate negotiations with each country to obtain some agreement on carrying out the Security Council's resolution.

25X1

25X1

**New Syrian Government**

The new Syrian cabinet formed on 13 September, mainly a combination of old hands, is unlikely to bring any fundamental improvement to the Syrian political scene.

Headed by Said al-Ghazzi, a former prime minister whose principal qualification is his inoffensiveness to other political leaders, the cabinet is a coalition of conservative Populists and independents, with some representation given religious groups and big business interests. All but two of the 13 members have served in one or another of Syria's cabinets during the past four years.

The weakness of the cabinet is illustrated by a report that three of the new ministers sought to resign within a few hours of their appointment. Also indicative of future difficulties is the assumption by Ghazzi of the foreign affairs portfolio, probably because no one else could be persuaded to take so thankless a job.

The character of the new cabinet puts the burden of actual government on newly installed President Quwatli, whose main aim for the immediate future is likely to be to avoid difficult issues rather than face up to them. Such a policy

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

25X1

will not lead Syria toward greater internal stability, nor is it likely over the long run to satisfy Iraq and Egypt, the principal sources of outside pressure on Syrian governments.

For the short run, however, Quwatli can probably hold on if he stays in the good graces of the army, particularly Chief of Staff Shuqayr, the really decisive factor in Syria's immediate situation.

25X1  
25X1

Satellites Releasing  
Some Political Prisoners

Several of the East European Satellite regimes are continuing a policy, begun in 1954, of quietly releasing political prisoners, including leaders of former opposition parties and purged Communists who were imprisoned--usually without trial--prior to 1953.

The releases are probably intended to reduce internal tensions and to give further substance to the recent well-publicized amnesties aimed at enticing political refugees to return to their homelands. This policy is consonant with Orbit efforts to improve relations with Yugoslavia, although this was probably not a deciding factor in its initiation.

Except in Bulgaria, where the recantation of former opposition leaders has been propagandized by the regime in a campaign to support the Fatherland Front, the releases have not been publicized by the Communist regimes. Knowledge of the releases has been gained

25X1

through the appearance of long-jailed political figures at public gatherings, where they have often been identified with titles indicating that they had received positions of minor importance in the regime.

While many of the releases probably stem from the fact that the individuals have fulfilled the sentences settled on them by administrative action, most of them probably result from amnesties or judicial review.

While they have released political prisoners, several of the Satellites are still maintaining heavy internal pressure to prevent nationalist deviation.

25X1  
25X1  
25X1

the regimes are still quietly rounding up and imprisoning members of former opposition parties and deviationists within the Communist Party. Followers of ousted former Hungarian premier

The Hungarian regime

freed without publicity about 90 former Social Democrats on 20 August, Hungarian Constitution Day. The American legation in Bucharest has learned

that 28 Rumanian professional and political leaders who had been part of a group of 180 imprisoned without trial in May 1950 were released in July.

similar releases from Bulgaria and from Poland, where the former Nationalist Communist leader Wladyslaw Gomulka was to be freed from "unjust imprisonment."

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

Nagy are reportedly being removed from party membership. Neither the Czech nor the Hungarian regime has ended its crackdown on remnants of the Social Democratic Party.

The coincidence of these contradictory trends indicates

the sensitivity of the balance. Satellite leaders are trying to maintain between efforts to strengthen party discipline and to develop popular support for the regimes and the active support of the party membership.

25X1

**Peruvian-Ecuadoran Controversy**

The Peruvian-Ecuadoran boundary dispute has once again flared up with Ecuador charging before the Organization of American States (OAS) that Peru is concentrating a large invasion force near the frontier. Border clashes have thus far been averted by the presence of a neutral military investigating commission.

Border disputes between the two countries go back 125

years and have been the cause of four wars, the last in 1941.

The 1942 Rio Protocol of Peace, Friendship and Boundaries, concluded under the auspices of the United States, Argentina, Brazil and Chile as guarantors, provides a basis for demarcation of the frontier, ten percent of which remains undemarcated. Under the Rio terms, all border incidents are to be settled between the two countries with the assistance of the guarantors.

The Ecuadoran delegate denounced Peru before the OAS on 7 September, accusing it of violating Ecuador's territorial sovereignty and "preparing to invade." Simultaneously, the Ecuadoran foreign minister in Quito requested a meeting of the protocol guarantors which subsequently provided for neutral military inspection of key areas in both countries.

Allegations of increased Peruvian troop movements and massing of armed forces at the border

**ECUADOR-PERU BOUNDARY DISPUTE****SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**15 September 1955**

have not been substantiated thus far by American military mission personnel who have made both ground and air inspection trips of the border and other areas. In fact, Ecuadoran allegations that Peruvian vessels were rendezvousing in preparation for hostile action have proved to be pure fabrication.

It is unlikely that either side would deliberately provoke war, primarily in view of the immediate sanctions that would be imposed under the Rio de Janeiro Reciprocal

Assistance Treaty of 1947. Border incidents will most likely continue, however, while the Velasco regime in Ecuador continues to agitate for access to the Amazon and for recovery of territory lost as a result of the Rio Protocol.

At the same time, it would be political suicide for President Odria of Peru, who is maneuvering to perpetuate his regime in power for another six years, to surrender the slightest amount of territory to Ecuador.

25X1

\* \* \*

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

**PART III****PATTERNS AND PERSPECTIVES.****SIGNS OF SHIFT IN INDIAN POLICY TOWARD THE UNITED STATES**

Indian prime minister Nehru, his political adviser V. K. Krishna Menon, and Indian representatives at the United Nations and on the International Control Commission in Indochina have recently made statements which were unusually sympathetic toward the United States and hinted at an imminent change in India's foreign policy. These statements, [REDACTED]

[REDACTED] suggest that Nehru has decided to abandon his policy of strict neutrality and to adopt a more friendly attitude toward the United States.

This would be a major change in Indian thinking. Any change would probably not be expressed in dramatic actions, and Nehru would probably continue to stress his country's independence of thought. There may, however, be less criticism of the United States, greater co-operation on the part of Indian officials, and a relaxation of restrictions on American business interests. India's policy on multinational problems such as international air agreements would not necessarily be affected.

**Political and Economic Motives**

Nehru's apparent change in attitude may spring partly from his recent visits to the USSR and Communist China, during which he was impressed by the political and economic might of these countries. Nehru is [REDACTED] concerned over the inroads the USSR has made into Afghanistan and the increasing pressure China has exerted on Nepal. With Afghanistan as an example, he may

suspect the motives behind Soviet economic aid to India. Viewing India's world position, therefore, Nehru may have concluded that India needs Western friends to balance the combined power in Asia of the Soviet Union and China.

As a result of his trips to Communist countries, Nehru seems convinced of the need for India to make rapid economic progress to keep pace with China, to discourage the growth of Communism, and to ensure the continuation of a Congress Party government in India.

Nehru knows that India's second Five-Year Plan, which goes into effect in 1956, contains a large gap between financing available from Indian resources and what is actually required and must be obtained through foreign aid. Being aware of the current trend on the part of the United States to cut down foreign aid allotments to certain areas, Nehru may feel that India must be assured of the continued flow of large quantities of economic assistance from the United States to make the new plan a success and achieve his aims.

Finally, Nehru may be chafing under the restrictions of the neutrality policy which prevent him from freely expressing his views or making positive moves in any direction without exposing himself to criticism either from the West or the Sino-Soviet bloc.

**Evidence of New Attitude**

The evidence supporting the possibility of a new Indian attitude is as follows:

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

25X1

On 30 August the American consul general in Madras reported that V. K. Krishna Menon, during a week's stay in Madras, had vehemently defended the American government both publicly and privately, emphasizing the United States' peaceful intentions and essential good will.

On 31 August, the American consul general also reported a conversation between an Indian official in the United Nations and a reliable source, in which the "new orientation" of Indian foreign policy was explained. The official said Nehru had told him that he had returned from the Soviet Union "disillusioned" and convinced that India must "unobtrusively but surely" bring its foreign policy closer to that of the United States. Nehru felt this would be easier now that "America for the first time since Indian independence" was beginning to understand that "Indian hobnobbing with the Chinese and Russians" was dictated by security interests alone.

On 1 September, the American ambassador in Cambodia

reported that the Indian chairman of the International Control Commission there had stated that India would inevitably have to take a position "on one side or another" rather than maintain its neutralist attitude.

25X1

On 6 September, Nehru criticized in parliament a Chinese Communist claim that the United States was involved in the crash last April of an Indian airliner carrying Chinese officials to the Bandung conference. Nehru said he had not seen the "remotest proof" that the United States was involved and that unsupported charges merely "vitiate the atmosphere."

Nehru's statement in parliament on 6 September clearly indicating that he intended to prevent both mass marches and individual penetrations into the Portuguese territory of Goa in the future may also be indirectly connected with a decision not to antagonize Western nations.

On 11 September, the legal adviser to the Indian UN delegation told the American consul general in Madras that in briefing the UN delegation before its departure Nehru had said that relations with the United States had grown closer. Nehru said that India must feel closer to the United States and the Western powers than to the Sino-Soviet bloc although it was not in India's interest to alter its nonalignment policy at present. He added that India must not press the anticolonial issue to the embarrassment of the United States and Britain.

25X1

\* \* \*

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955****COMMUNIST CHINA: UN REPRESENTATION AND RECOGNITION**

Nationalist China will probably retain the majority support of this year's UN General Assembly, but there is a growing tendency among UN members to suggest new means of solving the Chinese representation problem. There has been little change in over-all UN support for Nationalist China since 1950, but the opposition has been steadily picking up more votes, and sentiment is growing in favor of the eventual admission of Peiping.

No UN members have recognized Communist China since 1950, but recently such influential members as France, Belgium, and Canada have considered early recognition. During the past year, moreover, Peiping has stepped up efforts to extend its cultural and economic contacts with other nations, particularly with those in the Afro-Asian bloc.

**Chinese Representation in UN**

Britain agreed on 8 September to support the American proposal for a moratorium on discussing Chinese representation at this session of the General Assembly, thus in effect assuring support for Nationalist China from some eight Commonwealth and Western European members also. The proposal, which has been introduced at each session since 1950, has consistently been supported by more than 40 of the 60 UN members. These have included the countries of Latin America, Western Europe, the older members of the Commonwealth, and such countries as Greece, Turkey, Israel, Iran, Iraq, the Philippines and Thailand. They are expected to support it again this year.

Arab nations, like Egypt, Saudi Arabia and Syria, may

abstain, as they have in the past, but it is possible that, led by Egypt, some of them will oppose the moratorium. Support for Communist China, in addition to the Soviet bloc votes, probably will be registered by India, Yugoslavia, and the Scandinavian countries.

Indian UN delegate Krishna Menon will probably join the fight for a substantive vote on the question at this year's session, but he may not lead it as he did last year. Under UN rules of procedure, the moratorium proposal should be voted on prior to any substantive proposal, and if passed, as anticipated, would effectively dispose of any attempt to seat Communist China at this General Assembly.

Belgian foreign minister Spaak suggested on 1 September that it might be desirable to establish a UN study commission to look into the whole problem of admitting the Chinese Communists, and also look into the 1951 censure resolution. The Canadian government has since indicated that it would support such a commission.

The idea of a study commission will appeal to the growing number of UN members who favor the eventual admission of Peiping to the UN. Britain, in particular, would probably support such a move. In June the Foreign Office was believed to be considering a solution which would keep Nationalist China in the UN as Formosa and grant Peiping the China seat on the Security Council.

Taipei opposes the "two Chinas" theory and would attempt to prevent the General Assembly from setting up a study commission. As early as 28 July,

**SECRET**



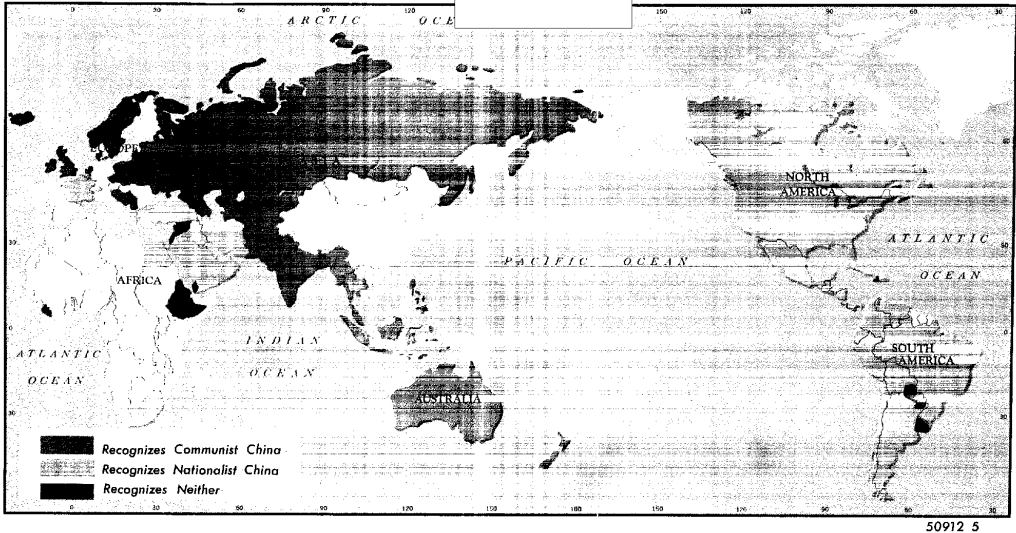
SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

15 September 1955

RECOGNITION BY UN MEMBERS OF COMMUNIST CHINA

25X1



UN MEMBER VOTING 1952, 53, 54 CHINESE COMMUNIST REPRESENTATION MORATORIUM

FOR		AGAINST OR ABSTAINED	CHANGED VOTE		
			1952	1953	1954
ARGENTINA	IRAN	AFGHANISTAN			
AUSTRALIA	IRAQ	SYRIA			
BELGIUM	LEBANON	BURMA			
BRAZIL	LIBERIA	BYELORUSSIAN S.S.R.			
CANADA	LUXEMBOURG	CZECHOSLOVAKIA			
CHINA	MEXICO	POLAND			
CHILE	NETHERLANDS	SWEDEN			
COLOMBIA	NICARAGUA	UKRAINIAN S.S.R.			
COSTA RICA	PANAMA	U.S.S.R.			
CUBA	PARAGUAY				
DOM. REPUBLIC	PERU				
ECUADOR	PHILIPPINES				
EL SALVADOR	THAILAND				
ETHIOPIA	TURKEY				
FRANCE	UNION OF S. AFRICA				
GREECE	UNITED KINGDOM				
HAWAII	UNITED STATES				
HONDURAS	URUGUAY				
ICELAND	VENEZUELA				

FOR AGAINST ABSTAINED

25X1

China's chief UN delegate T.F. Tsiang expressed his government's concern lest there be any decline in the number of UN members supporting the moratorium. The Nationalists fear that with the lessening of world tensions and the talks at Geneva between the United States and Communist China, UN members will be encouraged to reassess their policy on China's seat in the UN.

Recognition of Peiping

Fifteen of the 60 members of the United Nations recognize the Peiping regime; 34 recognize the Nationalist government.

Several nations now recognizing Taipei are coming to the conclusion that Peiping must soon be recognized.

French foreign minister Pinay's remarks late in July that France was "considering" recognition of Communist China but would not act "without her Western allies" suggest that Paris will apply greater pressure on the United States for closer relations with Peiping. During 1955, Chinese Communist students have visited France, Peiping has participated in the Lyon Fair and the Paris theater festival, and private trade has been developed. Economic and

SECRET

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955**

cultural contacts are now being openly promoted by Paris as an admitted "first step" toward ultimate recognition.

Belgian foreign minister Spaak told American officials in Brussels on 1 September that "the time has come to recognize the Communist Chinese regime." Although Spaak has since agreed to delay taking this step, Belgian political and public opinion favors early action in this direction.

The Canadian government strongly believes that Peiping should be recognized "sooner rather than later," possibly within a year. American officials have been informed that preliminary discussion of recognition will begin after Canadian fisheries minister Sinclair returns from his "unofficial" visit to China.

At the Bandung conference in particular and in other cultural and economic contacts during the year, Peiping has made a special effort to improve relations with the Afro-Asian nations. Peiping's strategy apparently calls first

for Egyptian recognition, and then using Egyptian influence to induce other Near Eastern governments--primarily Saudi Arabia and Syria--to follow Egypt's lead.

To this end, Chou En-lai is allegedly planning to visit Egypt before the end of this year. He may succeed in establishing diplomatic relations. Cairo and Peiping have recently concluded agreements providing for the barter of Egyptian cotton for Chinese rolled steel. Both Saudi Arabia and Syria have received friendly overtures from Communist China.

**Conclusion**

While recognition of Peiping does not necessarily carry with it support for Peiping's admission to the UN, it does portend an eventual showdown in the UN on the substantive issue of Chinese representation. Moreover, UN members which recognize or are considering recognition of Peiping would be likely to view the establishment of a UN study commission as an important step toward Peiping's admission to the UN.

25X1

\* \* \*

**POST-GENEVA PROSPECTS FOR EAST-WEST TRADE CONTROLS**

One of the major consequences of the "Geneva spirit" seems likely to be a further relaxation of Western controls on exports of the Sino-Soviet bloc. The pace and extent of this deterioration may depend largely on the outcome of the Big Four foreign ministers' meeting in October, where an important topic will be "measures to bring about a progressive elimination of barriers

which interfere with free communications and peaceful trade between peoples."

Many COCOM members have made it clear they now feel more strongly than ever that the present system of export controls is too stringent, and that the differential between the China list and other control lists should in particular be eliminated.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

The Western Big Three have accepted the view that, given a general East-West detente, "peaceful trade" is an issue on which some concessions can be made, "even to the extent of accepting some risk." They also agreed before Geneva that although the export control system was not to be discussed as such, Moscow should be given to understand that the system would be re-examined if "substantial" Soviet concessions were forthcoming in "other fields."

Many COCOM members, however, are eager to offer concessions for the mere promise of future benefit. Their longstanding aversion to "economic warfare," their desire to resume "normal" trade relations with the Communist bloc, and their doubts about the efficacy of the present control system have all intensified recently.

If the Soviet Union maintains its conciliatory attitude through October, these nations

will probably be encouraged to (1) expand East-West trade in nonstrategic goods, (2) continue their opposition to measures aimed at tightening the present control system, and (3) intensify their efforts to abolish the "China differential" and lower the level of controls on trade with the whole Sino-Soviet bloc.

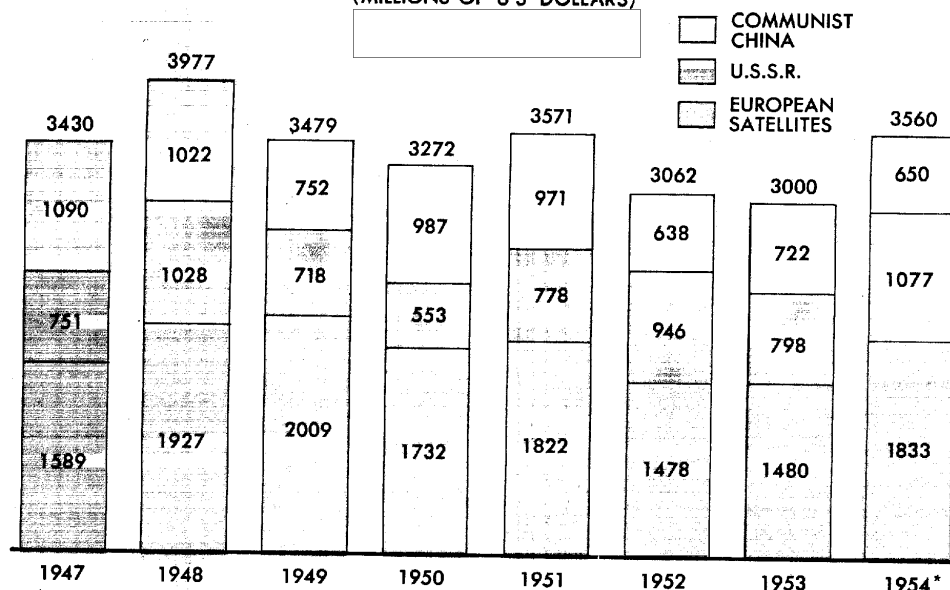
**Nonstrategic East-West Trade**

From 1949 until mid-1953, trade in nonstrategic items between the West and the Sino-Soviet bloc declined generally. Western trade with Communist China in 1954 was below that for 1953. In trade with the USSR and its European Satellites in 1954, Western exports increased 35 percent and imports rose 22 percent; the value of this trade was still only 2.9 billion dollars, however, a tiny fraction of the free world's total trade.

Within the framework of this rather limited commerce,

**TOTAL TRADE: SINO-SOVIET BLOC WITH FREE WORLD**

(MILLIONS OF U.S. DOLLARS)



\*1954 FIGURES BASED ON PRELIMINARY DATA FROM DEPT. OF COMMERCE, JUNE '55

50912-3C

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955**

These effects are reflected in part in the development of recorded trade in items on the three International Lists--embargo, quota, and watch. COCOM statistics show that COCOM-country exports of such items to the Soviet bloc more than doubled last year, rising from \$76,000,000 in 1953 to \$168,000,000 in 1954. Such items accounted for about 25 percent of total COCOM-country exports to the Soviet bloc in 1954 as against 15 percent in 1953.

Since the 1954 revision, efforts to solve remaining issues and to introduce further improvements have been largely unsuccessful. For example, by the end of 1954, copper wire and cable, which were removed from the embargo list in August, were being imported into the bloc at an annual rate of 100,000 tons--an amount which American officials believe is enough to frustrate COCOM's embargo on copper in other forms. Although such copper shipments are continuing at a high rate, American efforts to obtain tighter controls have resulted only in reinstatement of the embargo on certain copper communications items.

No acceptable formula has been devised to institute more effective controls on exports of ships to the bloc. Deliveries of ships last year totaled 80,400 gross tons, an increase of 25 percent over 1953. A substantial increase in deliveries is expected during the 1955-57 period. As a result of Britain's refusal to accept a special dispensation for Denmark, ships have not been placed under agreed quotas, and dry-cargo vessels continue to be exported to the Soviet bloc on a quid pro quo basis.

The negative attitude in COCOM extends beyond strong commercial interests in particular commodities. Improvements in certain COCOM administrative procedures advanced by the United States have been held in abeyance since early this year.

there is no point in retaining or adding rules which will be violated in practice. 25X1

Sentiment now appears to be developing in favor of another downward revision of the COCOM controls.

At the end of June, an official spokesman told American representatives in London that the British government held, even more firmly than before it increased its majority in the 26 May election, that East-West trade controls should be further relaxed. Not only did government ministers refuse to consider any new controls, they also expressed dissatisfaction with the size of the August 1954 revision. On 29 August, Britain notified the United States that London feels an "ever-increasing urgency" to re-examine controls on trade with the Sino-Soviet bloc.

There are a number of indications that Paris is of similar mind. Without consulting the United States, the French government in early August asked the chairman of COCOM's Consultative Group to call a meeting for 27 September. This meeting of the Consultative Group, the policy-making body for which COCOM is the executive committee, would include a discussion of a "further shortening of the COCOM lists." Subsequent discussions among the Western Big Three have left the date of the meeting open, but the French have made it clear that they

**SECRET**

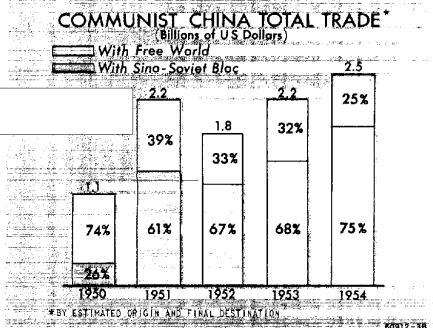
**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

want it as soon as possible after the October meeting of foreign ministers.

The "China Differential"

A primary objective of the British and the French is a revision of controls on trade with China. These controls will almost certainly be reviewed at the next Consultative Group meeting. The United States has been committed for a year to such a discussion, and sentiment among the other Consultative Group members is virtually unanimous for elimination of the so-called "China differential."



This differential, which began with the UN resolution in May 1951 embargoing trade with Communist China and North Korea, has been progressively increased. Apart from an embargo on nuclear energy and munitions items to the entire Sino-Soviet bloc and the unilateral embargo on all trade with China by the United States, Western nations now prohibit the shipment of about 500 items to Communist China, as compared with about 170 items embargoed to the Soviet Union and its European Satellites.

These more stringent controls have been justified in the past on the grounds that they were directed against an aggressor and were actually a burden to the Peiping government.

Now, however, most Western nations maintain that China can obtain what it wants either in or through the USSR. They also argue that the China controls at best impose a slight cost burden on the Chinese economy, and that meanwhile they increase Peiping's dependence on Moscow, raise tensions in the Far East, and deprive Western nations of a potential market.

As in the case of controls on trade with the Soviet bloc, the "China differential" is being treated as a question of overriding political significance. The Japanese government continues to lead the fight for elimination of the differential primarily for domestic political reasons and in full awareness of its disappointing efforts to revive trade with the Chinese mainland during the past year. France, which is now taking the initiative for revision, has never had any sizable commerce with China. Britain's interest in China trade can, because of its recent experience with business interests left in China, be regarded as primarily political.

These political aspects may well be decisive. Given the present lack of concern in Europe over the Formosan situation and the Communist Chinese willingness to enter into negotiations, the prestige of the United States, which has sustained the China list during the past year, may no longer prevail.

Some Broader Implications

A period of even limited economic coexistence appears certain to create serious strains on the unity on which any Western economic defense program must be based. Present indications are that an American refusal to countenance further relaxations of controls may well disrupt the voluntary, multi-lateral system on which the present COCOM structure is based.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

Any efforts to make controls more effective appear to depend on the very argument that most Western nations now prefer not to accept--namely, that East-West relations still require a posture of economic defense. In the present mood of virtually all of the Western

allies, it may take a relatively small show of conciliation on the part of the Soviet Union to unite the Western European countries and Japan in a demand for drastic reduction of controls on trade with the Sino-Soviet bloc. [ ] (Con-  
curred in by ORR)

25X1

\* \* \*

**REPORT ON KAZAKHSTAN**

Moscow is showing increased interest in economic exploitation of Kazakhstan, the largest Soviet republic in central Asia, which covers an area one-third that of the United States but with a population of only 8,500,000. It was selected as the principal site for N. S. Khrushchev's virgin soil agricultural program. Furthermore, recent statements in the Soviet press have strongly suggested that the Soviet government will begin the construction of a heavy industrial base there as part of the sixth Soviet Five-Year Plan (1956-60).

Extensive personnel changes over the past year and a half not only reflect the growing importance of this area in Soviet thinking but reveal the failure of native Kazakh politicians to measure up to the regime's exacting requirements for leadership in an area undergoing rapid economic development.

**Mineral Resources**

In a long article in the 3 July Kazakhstanskaya Pravda, the president of the Kazakh Academy of Science, Satpaev, stated that the republic's proven deposits of iron ore, mainly at Kustanai and in the Karaganda region, were the

largest in the USSR. Kustanai is on a rail line within 300 miles of the existing Urals steel centers of Magnitogorsk, Chelyabinsk and Zlatoust. Discovery of iron deposits in the vicinity of the Karaganda coal fields, which supply good coking coal, for the first time gives the USSR both coal and iron in the same area.

Satpaev placed great emphasis on these developments, declaring that "such an exceptionally fortunate geographical combination of ore and coal predestines the creation in the republic in the near future of a most powerful coal-metallurgical base, one of the basic centers of ferrous metallurgy and of heavy industry in the USSR."

**Industry**

The Kazakh republic is one of the Soviet Union's wealthiest areas in terms of mineral resources, but it is at present principally devoted to the production of raw materials and foodstuffs. Construction of a heavy industrial base there would give the area a strong, diversified economy.

It already plays a key role in Soviet production of nonferrous metals. The following tabulation shows the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

15 September 1955

production of selected non-ferrous metals in Kazakhstan in comparison with production in the entire USSR:

PLANNED INCREASES OVER 1950 FIFTH FIVE-YEAR PLAN (entire USSR)	REPORTED KAZAKH SSR INCREASES OVER 1950	KAZAKH SHARE OF TOTAL USSR PRODUCTION 1955 (Soviet estimate)
Copper 90%	68%	57%
Lead 170%	150%	60%
Zinc 150%	120%	61%

With the beginning of production at the large Dzhezkazgan Copper Combine now under construction, the Kazakh SSR will have the benefit of a more modern plant which will make it possible for the republic to produce an even greater share of Soviet copper.

Kazakh party first secretary Brezhnev in a recent speech indirectly revealed that the main reason the Soviet Union did not fulfill the original fifth Five-Year Plan goals for copper, lead and zinc was the failure of Kazakhstan's nonferrous metals industry to reach planned production goals. He reported increases in the production of these vital metals which were well below the increases planned for the entire USSR (see table above). Contributing factors appear to have been a low level of mine and smelter operating efficiency, failure to complete new construction on schedule, a large labor turnover, and poor administration throughout the republic's Ministry of Non-ferrous Metallurgy.

The Kazakh SSR now uses only 2 percent of its total hydroelectric power potential. Hydroelectric power complexes have been developed in recent years on the Irtysh River at Ust Kamenogorsk and Ust Bukhtarma. The thermoelectric power stations being constructed at Ust Kamenogorsk and Tashkent, as well as other places, will determine the location and promote the growth of new industries.

**Agriculture**

In Soviet agriculture during the past two years, Kazakhstan has assumed a rapidly increasing importance, since approximately half the "new lands" area lies within the northern and western areas of the republic. The bountiful harvest in these areas last year was all that prevented Soviet grain production from seriously declining as a result of the drought suffered in western Russia and the Ukraine.

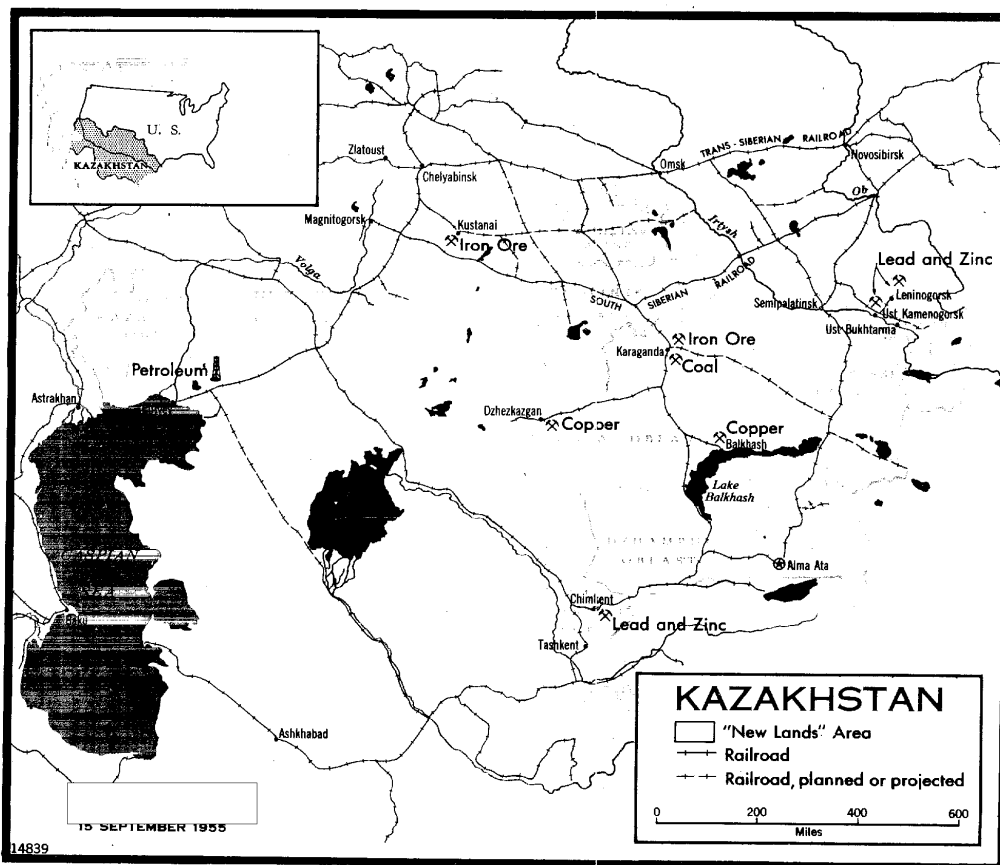
The Russians have been planning major irrigation projects throughout Kazakhstan for a long time, realizing that the successful industrial and agricultural development of the area, where land and climate resemble the American West, depends on adequate water supplies. However, it is economically not feasible to extend the irrigation projects to the wheat fields of the "new lands" area in Kazakhstan.

**Transportation**

Along with emphasizing agriculture and minerals, Moscow is planning to complete by the end of 1957 over 2,000 kilometers of a rail network designed to aid in the rapid development of the new lands and to transport grain and other agricultural products from the producing areas. The rail lines will provide extensive coverage in an east-west direction and also connect the Transsiberian Railroad with the recently completed South Siberian Railroad.

Though most of the construction is to be narrow gauge, it will, along with construction of roads in the area, provide increased accessibility throughout northwestern Kazakhstan. By the end of 1957, 26,000

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****15 September 1955**

kilometers of roads are planned to be constructed in the area, of which 700 kilometers are to be completed by 1 January 1956. The 1955 construction represents approximately one half the total planned for the entire USSR.

#### Population

As a direct result of Kazakhstan's industrial development and the new agricultural program, important changes have been made in the ethnographic composition of the republic. In 1939 native Kazakhs comprised slightly over half of the inhabitants, then numbering 6,100,000; today they are in a minority of the republic's 8,500,000 people. Slavs (Great Russian, Ukrainian or Belorussian) now constitute a majority. They have emigrated to Kazakhstan, partly under

government pressure, in response to the demand for skilled labor, technicians and administrators in industrial expansion and as settlers in the virgin lands.

With this European emigration continuing on a massive scale, the Slav majority in Kazakhstan is becoming steadily greater. Already there are signs that this Slavic numerical superiority is affecting the choice of individuals as leaders and top administrators in the republic.

#### Political Leadership

Kazakhstan is a territorial-administrative unit originally created to "protect" and "further" the interests of the native Kazakh peoples. Its party apparatus had been headed since 1946 by the Kazakh, Zhumabai

**SECRET**



~~SECRET~~

## CURRENT INTELLIGENCE WEEKLY SUMMARY

15 September 1955

Shayakhmetov. In February 1954 Shayakhmetov, described by N.S. Khrushchev as "a weak leader for such a great republic," was replaced by all-Union party presidium candidate P.K. Ponomarenko. Shayakhmetov's second-in-command was replaced at the same time by L.I. Brezhnev, an experienced party troubleshooter. These changes were the result of the Kremlin's dissatisfaction with the Kazakh leadership's handling of the republic's agricultural program.

Continued skepticism concerning the capabilities of native Kazakh leaders is reflected in the selection of Brezhnev to replace Ponomarenko when the latter was transferred to Warsaw as Soviet ambassador in May 1955 and the filling of Brezhnev's old slot with another Russian, I.D. Yakovlev, formerly party first secretary of Novosibirsk Oblast in the Russian Republic (RSFSR).

Administration

The government administration has undergone a radical reshuffling since the Ponomarenko-Brezhnev regimes took over the party reins. Only four of the 25 members of the republic's Council of Ministers in office in February 1954 hold the same positions today. In the course of reassignment and replacement, the number of Slavs was increased until today they constitute about half the Council of Ministers and head, among others, the Ministries of Agriculture, State Farms, Non-ferrous Metallurgy, Communications, Motor Transport and Highways, and the State Planning Committee and Committee of State Security.

At the oblast level, where government and party administration and control have a more immediate impact on the people, native politicians still hold the bulk of the posts. Even here, however, there have been a number of reassignments and replacements.

F.A. Mamonov, a candidate member of the all-Union party's central committee and a former party first secretary of Astrakhan Oblast in the RSFSR, was assigned as mayor of the Kazakh capital, Alma Ata, and the Kokchetav and Semipalatinsk Oblast party first secretaries were replaced by former oblast secretaries from the Ukraine, M.G. Roginets and S.M. Novikov. Roginets served in Kokchetav Oblast only a short time and was then promoted on 28 June 1955 to head the republic's important Ministry of State Farms. In this post, Roginets has primary administrative responsibility for carrying out the "new lands" agricultural program.

The assignment to leading posts in Kazakhstan of Brezhnev, who had earlier served in the Ukraine, and Roginets and Novikov, recently transferred from there, suggests that Khrushchev is intending to utilize experience gained in his old bailiwick in furthering the agricultural and industrial development of Kazakhstan. There does not, however, appear to be any intention of turning the Kazakh SSR completely over to former Ukrainian party people; I.D. Yakovlev, the new second secretary in Kazakhstan, does not seem to have had any connections with the Ukraine.

In the past, the Soviet leaders have tried to employ native politicians as much as possible in order to make the Kremlin's control more palatable. The present trend in Kazakhstan away from native leaders may be a temporary expedient made necessary by the scope and complexity of the problems involved in both the new agricultural program and the development of industry. It may be, however, that the changed ethnographic composition of the republic will require Slavs for effective leadership from now on. (Prepared jointly with ORR)

25X1

CONFIDENTIAL

~~SECRET~~